

# **FISCAL NOTE**

## **SB 454 - HB 846**

February 22, 2005

**SUMMARY OF BILL:** Effective July 1, 2006, this bill requires all gasoline sold or offered for sale in Tennessee to contain at least 5% ethanol by volume. Requires the Commissioner of Agriculture to audit the records of blenders for compliance with respect to the gasoline's composition.

### **ESTIMATED FISCAL IMPACT:**

**Decrease State Revenues – Exceeds \$100,000/Highway Fund  
Beginning FY06-07**

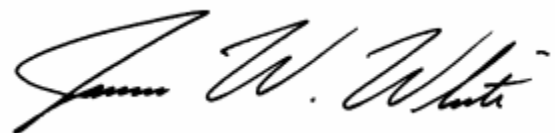
**Increase State Expenditures - \$262,000 Beginning FY06-07**

Assumptions:

- Ethanol alcohol may be more expensive than other additives; therefore, the cost of gasoline may be higher resulting in a slightly reduced demand within Tennessee. The impact of the reduction in gasoline tax revenue is estimated to exceed \$100,000 to the Highway Fund beginning in FY06-07.
- An increase in expenditures of \$12,000 to the Department of Agriculture for travel and related expenses in order for existing auditors to audit the 35 terminals and refineries in Tennessee.
- An increase in expenditures of \$250,000 for a 50% increase in the current contract for gasoline analysis. Currently the department tests a sampling of terminals and this bill would increase the number of samples tested by an additional 50%.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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